

**CLASSIC SCENIC BERHAD (633887-M)**

(Incorporated in Malaysia)

Minutes of the Seventeenth (17<sup>th</sup>) Annual General Meeting (“AGM”) of the Company held at the Putra Court, Kelab Rahman Putra Malaysia, Jalan BRP 2/1, Bukit Rahman Putra, 47000 Sungai Buloh, Selangor Darul Ehsan on Tuesday, 15 September 2020 at 10.00 a.m.

Present : Shareholders  
As per Attendance List

Directors

Mr Lim Chee Beng	Managing Director
Mr Lim Chee Hwa	Executive Director
Mr Lee Kong Weng	Independent Director
Mr Au Thin An @ Low Teen Ann	Independent Director
Ms Chow Chooi Yoong	Independent Director

By Invitation : As per Attendance List

In Attendance : Ms Elaine Sin May Peng  
Representing the Company  
Secretary, Ms Wong Youn Kim

**1. CHAIRMAN, QUORUM AND NOTICE OF MEETING**

Upon confirmation by Ms Elaine Sin, representative of the Company Secretary that a quorum was present, Mr Lee Kong Weng, the Chairman for the AGM, called the meeting to order and declared the meeting duly convened as the Notice of the AGM dated 12 June 2020 had been circulated to all members of the Company in accordance with the Company's Constitution.

Mr Lee Kong Weng said the Board of Directors wished to place on record their appreciation to Mr Lim Chee Keong, the co-founder who resigned as Executive Chairman of the Company on 12 August 2020 to focus on his personal endeavours, for his contributions and wished him well.

Upon the proposal by Mr Lee Kong Weng and seconded by Mr Chan Kim Kooi, a shareholder, the Notice of the meeting was taken as read.

Before proceeding with the Agenda of the AGM, Ms Lim Kim Lee, the Chief Financial Officer was invited to make a presentation on the Group's operations amid the COVID-19 pandemic for the information of those present at the AGM.

After the presentation had concluded with no questions from the floor, the representative of the Company Secretary was called upon to explain the proceedings of the meeting and voting procedures to the shareholders.

She informed the shareholders that the businesses to be transacted in the AGM involved the moving and passing of six (6) proposed Ordinary Resolutions and that each of the proposed Ordinary Resolution would require the approval of a simple majority of the members or their proxies present and voting in the meeting.

She said each motion would require one proposer and a seconder before the motions were put to the floor to vote; and that pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, any resolution set out in the notice of any general meeting or notice of resolution must be voted by way of poll.

The meeting was informed that in order to have smooth proceedings, the meeting would proceed with the questions and answers session first and after having each of the motions properly proposed and seconded accordingly, the poll voting would commence immediately thereafter.

**3. AUDITED FINANCIAL STATEMENTS, DIRECTORS' AND AUDITORS' REPORTS FOR THE YEAR ENDED 31 DECEMBER 2019**

Before the Company's Audited Financial Statements for the year ended 31 December 2019 together with the Reports of the Directors and Auditors pursuant to Section 340(1)(a) of the Companies Act 2016 were tabled before the Members and to be received by the Members present at the meeting, the following questions were raised by shareholders/proxyholders present at the AGM; and answers provided by Mr Lim Chee Hwa, the Executive Director in response to those questions are as stated below :-

Q1. The trade tension between the USA and China and the COVID-19 pandemic had affected the economies in the world. Locally, the Malaysian government had implemented the Movement Control Order ("MCO") since 18 March 2020 and the Company's sales had dropped substantially. How does the Company handle this?

A1. The Group prioritized on three main areas:-  
i. Prudent cost control and cash conservation;  
ii. Risk management especially on protecting the safety and health of the team  
iii. Be agile in capitalizing on a business rebound

The majority of the Company's shareholders are long term investors who focus on the Company's dividend policy. Therefore, the COVID-19 pandemic and MCO which are not long term issues should not affect their decision.

Q2. In terms of sales and profitability, how does the Company improve its performance?

A2. On the micro side, the Company would develop and promote new products and minimised costs. In terms of external factors, with the increase in home ownership in the USA and more people working from home during the COVID-19 pandemic which resulted in higher demand in home décor products, the outlook is positive.

Q3. Please explain the Company's mission and strategies.

A3. As explained in A2 above, the Company's mission and strategies are to develop new products and explore other wooden products but this would require time as the management has always acted cautiously and prudently in order to ensure that the interests of the shareholders/investors are protected.

Q4. What are the major challenges and opportunities amid the COVID-19 pandemic?

- A4. The major challenge is that no one knows when the COVID-19 pandemic would end and the management has not been able to travel overseas to meet-up with its customers in order to provide services in person. In comparison with “face to face” service/discussions, virtual meetings and posting of product samples to customers are less effective. However, in order to be more competitive, the Company would focus on developing new products and control costs and would strive to remain in business profitably.
- Q5. What is the Company’s long term goal?
- A5. The Company’s long term goal is to produce other wooden products as capex would be less costly compared to non-wooden products given that the Company already have the machinery required for wooden products. As the Company does not wish to rely on just a single product, the management intends to visit the exhibition in Japan to explore and obtain more information to produce good downstream products when overseas travelling is allowed.
- Q6. Which major business/market segment in the USA that the Company sells to?
- A6. The Company’s products are sold to 2 market segments in the USA, i.e. distributors which supply to retail and family stores which in turn provide the preferred specialized services to its customers; and major chain stores such as Hobby Lobby and Michaels. The Company’s products are also available at specialized home furnishing stores and stores that provide diplomas/degrees framing for universities graduates. The management hopes the Company would be able to capture more of the diplomas/degrees framing market as there are a lot of universities and colleges in the USA.
- Q7. How would the Company position itself amid the COVID-19 pandemic?
- A7. The Company would prioritize three main areas as explained earlier (in Q&A no. 1). Shareholders should not look at the short term decline in the Company’s share price negatively but to view it as an opportunity to invest in the Company at a relatively cheaper price.
- Q8. Where does the Company source its timber from?
- A8. The Company sources its timber supplies primarily from local suppliers but also imports timber from New Zealand and South America. As the Malaysian government has stringent controls on import to prevent diseases associated with timber from being brought into our country, the management has been very careful not to infringe this. However, the local timber and agriculture associations have been discussing with the government/local authorities and working towards getting permission to import more timber from abroad.
- Q9. North America has lots of timber. Why does the Company not importing timber from North America? The Company should also consider buying meranti wood.

- A9. The Company prefers to source tropical light wood. Although meranti wood is suitable it is too costly. In identifying the suitability of wood species, the management would look into volume, pricing and supplies continuity. If the wood species are too expensive it would not be cost effective. The management would also conduct in-depth testing to ensure the wood species are perfect for the Company's picture frames. Besides being expensive, timber from North America may be too soft, hence its stability is low, whilst cheaper timber may have too many knots.
- Q10. How sustainable is the local timber supplies?
- A10. The Company is now dealing in a market with mature customers who demand that the Company ensures its timber were certified and sourced legally from suppliers who practised sustainable forest practices.
- Q11. For the past 10 years, the Company's revenue had been the same. In 2018, the reason given for the low margin was the high cost of raw materials. Based on the data on timber prices, raw material prices also increased in 2017. What were the reasons for the low margin in 2019?
- A11. The reasons for the low margin in 2019 were due to the substantial increase in timber prices and increase in labour costs. For every RM100/- increase in the minimum wage, it would have a 1% impact on the Company's bottom line. As for the timber prices public data, it applied to timber price trend in general. However, the price of those specific timber species used by the Group had been on the uptrend compared to the general price trend. As supplies of logs in Malaysia is declining, the management is seriously looking into importing more timber in the future.

Upon the completion of the questions and answers session, Mr Lee Kong Weng declared that the Audited Financial Statements for the financial year ended 31 December 2019 together with the Directors' and Auditors Reports were taken as laid before the shareholders pursuant to Section 340(1)(a) of the Companies Act 2016.

#### **4. DIRECTORS' FEES AND BENEFITS**

Ordinary Resolution 1 – Approval of Directors' fees and benefits payable to the Non-Executive Directors up to an amount of RM120,000/- from 16 September 2020 until the next Annual General Meeting was tabled before the meeting.

Upon Ordinary Resolution 1 being duly proposed by Mr Chan Kim Kooi and seconded by Ms Sam Pei Lee, the motion to approve Directors' fees and benefits payable to the Non-Executive Directors up to an amount of RM120,000/- from 16 September 2020 until the next Annual General Meeting would be voted by way of poll.

#### **5. ELECTION OF DIRECTORS**

Ordinary Resolution 2 – Re-election of Mr Lim Chee Beng was tabled before the meeting.

Upon Ordinary Resolution 2 being duly proposed by Mr Chan Kim Kooi and seconded by Ms Chung Sook Cheng, the motion to re-elect Mr Lim Chee Beng who retired pursuant to Clause 97 of the Company's Constitution would be voted by way of poll.

Ordinary Resolution 3 – Re-election of Mr Lim Chee Hwa was tabled before the meeting.

Upon Ordinary Resolution 3 being duly proposed by Ms Lim Pui Yeeng and seconded by Ms Chew Tze Yee, the motion to re-elect Mr Lim Chee Hwa who retired pursuant to Clause 97 of the Company's Constitution would be voted by way of poll.

**6. RE-APPOINTMENT OF AUDITORS**

Ordinary Resolution 4 – Re-appointment of Auditors and to authorize the Directors to fix their remuneration was tabled before the meeting.

Upon Ordinary Resolution 4 being duly proposed by Ms Ng Boon Shing and seconded by Ms Chung Sook Cheng, the motion to re-appoint Messrs KPMG PLT who have indicated their willingness to continue in office as Auditors of the Company for the financial year ending 31 December 2020 at a remuneration to be fixed by the Directors would be voted by way of poll.

**7. SPECIAL BUSINESS**

**7.1 Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

Ordinary Resolution 5 – Authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 was tabled before the meeting.

Upon Ordinary Resolution 5 being duly proposed by Mr Chan Kim Kooi and seconded by Ms Ng Boon Shing, the motion to authorize the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 as set out in the notice of meeting would be voted by way of poll.

**7.2 Continuing in Office as Independent Non-Executive Director**

Ordinary Resolution 6 – Approval for Mr Au Thin An @ Low Teen Ann to continue in office as an Independent Non-Executive Director of the Company.

Upon Ordinary Resolution 6 being duly proposed by Ms Lim Pui Yeeng and seconded by Ms Ng Boon Shing, the motion for Mr Au Thin An @ Low Teen Ann to continue in office as an Independent Non-Executive Director of the Company would be voted by way of poll.

Mr Lee Kong Weng informed the shareholders that as the Company did not receive any notice to transact any other business, the meeting would proceed with the poll for the Ordinary Resolutions and Special Resolution as set out in the Notice of AGM and called upon the representative of the Company Secretary to brief the shareholders on the polling procedures.

**8. BRIEFING BY COMPANY SECRETARY ON POLLING**

The representative of the Company Secretary informed the shareholders that Boardroom Share Registrars Sdn Bhd would conduct the poll and Boardroom Corporate Services Sdn Bhd has been appointed the Scrutineer to verify the poll results.

She then briefed all present at the meeting on the voting procedures which was conducted manually and the said polling would commence immediately after the briefing.

9. **ADJOURNED OF MEETING FOR POLL VOTING**

The meeting was adjourned at 10.50 a.m. for the poll voting to commence immediately.

10. **RE-CONVENING OF MEETING AND ANNOUNCEMENT OF RESULTS**

The meeting re-convened at 11.15 a.m. for the announcement of the results of the poll voting by Mr Lee Kong Weng as follows :-

Ordinary Resolution	Votes For			Votes Against		
	No. of Shares	No. of Shareholders	%	No. of Shares	No. of Shareholders	%
Resolution 1	55,208,064	24	99.9908	5,100	3	0.0092
Resolution 2	55,257,964	36	100.0000	0	0	0.0000
Resolution 3	55,257,964	36	100.0000	0	0	0.0000
Resolution 4	55,257,964	36	100.0000	0	0	0.0000
Resolution 5	55,257,764	27	99.9996	200	2	0.0004
Resolution 6 (Tier 1)	49,933,132	1	100.0000	0	0	0.0000
Resolution 6 (Tier 2)	5,324,732	27	99.9981	100	1	0.0019

Mr Lee Kong Weng, the Chairman declared that all six (6) Ordinary Resolutions were approved by the shareholders.

**Ordinary Resolution 1**

It was resolved that the Directors' fees and benefits payable to the Non-Executive Directors up to an amount of RM120,000/-, from 16 September 2020 until the next Annual General Meeting of the Company be approved.

**Ordinary Resolution 2**

It was resolved that Mr Lim Chee Beng who retired pursuant to Clause 97 of the Company's Constitution be re-elected as Director of the Company.

**Ordinary Resolution 3**

It was resolved that Mr Lim Chee Hwa who retired pursuant to Clause 97 of the Company's Constitution be re-elected as Director of the Company.

**Ordinary Resolution 4**

It was resolved that Messrs KPMG PLT who have indicated their willingness to continue in office as Auditors of the Company for the financial year ending 31 December 2020 at a remuneration to be fixed by the Directors be approved.

**Ordinary Resolution 5**

It was resolved that subject always to the Companies Act, 2016 ("Act"), Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and approvals of the relevant governmental/regulatory bodies (if any), the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act to issue new shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued in any one financial year of the Company pursuant to this resolution does not exceed ten percentage (10%) of the total

number of issued shares of the Company at the time of issue and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company.

**Ordinary Resolution 6**

It was resolved that pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance, approval be and is hereby given for Mr Au Thin An @ Low Teen Ann, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to serve as an Independent Non-Executive Director of the Company.

11. **TERMINATION OF MEETING**

There being no other business, the meeting ended at 11.20 a.m. with a vote of thanks to the chair.

Confirmed as correct record,

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**LEE KONG WENG**  
Chairman